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SOURCE Ta Kung Pao.SHANG-HAI INDUSTRIES ANTICIPATE PRODUCTION REVIVAL

Shang-hai -- Heavy industry enterprises in Shang-hai are beginning to see their way to better times, although most of them are still operating at a loss. With a stabilized currency, prices can be fixed and buyers may know what things will cost. Consequently, orders for many kinds of machinery are being received from Han-k'ou, and as far away as Honan and Shantung.

The present situation in a number of state-operated heavy industries is as follows:

1. Chung-yang Electrical Service and Materials Company

In addition to having filled many orders from the Huai-nan area for electrical mining equipment, a very large order has been received from the Hua-Pei Electrical Industry Company, formerly the Chi-pei Electric Power Company, for 30 tons of copper wire, and ten or more 300-KVA transformers to be delivered in April 1950. The company is now operating three shops employing 500 men and working night shifts. Production for August was 30 percent above July. Regular monthly increases in production are foreseen.

2. Chung-yang Machine Shop

This company manufactures bicycles for state-operated industries. In addition, large orders are being received from Nan-ching, Han-k'ou, and Honan, mostly for military units. Careful inspection of the product is maintained to insure improved quality. It is planned to produce 520 bicycles in October (price 130,000 yuan each). This company's second shop has been converted to the manufacture of precision tools.

Among privately operated industries, skilled and well-established electrical enterprises are making progress. These include:

1. Hua-ch'eng Electric Machinery Company

Since receiving orders for motors and transformers from the Huai-nan area, this company has been very busy and is setting new production records. Many additional orders are being received from interior points for electrical mining equipment. Wages are paid twice monthly with no delays.

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2. Ling-fen Electrical Machinery Company

This company has been manufacturing electrical shipbuilding tools. Recently they have been receiving inquiries concerning electric motors, etc. The manager is planning a northern trip to expand his business and possibly open a branch shop.

3. Hua-te Light Bulb Factory

This is Shang-hai's largest light bulb factory. Business is booming. A very large market in the north has been tapped. Daily (8-hour) production averages 11,000 bulbs of all kinds. Because of competition some bulbs are selling at 30 percent below cost.

Bulb companies are now consulting on joint operations to avoid the results of cut-throat competition.

4. Hsin-chung Engineering Company

This firm has been manufacturing mostly mining and agricultural machinery. Because of the excellence of its products the company has received orders from the Huai-nan Mining Company for six 200-horsepower and two 100-horsepower pumps. Also, it has orders for large quantities of other products. A night shift and Sunday shift have been added.

5. Chung-hua Iron Works

This is one of the larger machine shops. It formerly produced a variety of goods, but is now tending toward specialization on paper-mill machinery to coincide with the government's plans for increasing the production of newsprint. The firm is now operating at 50 percent of capacity, and increasing its output rapidly.

6. Cheng-hsing-t'ai Automotive Machinery Company

This company is now engaged in converting automobile engines to charcoal gas. Since the liberation it has turned out more than 30-charcoal-gas cars. Its important customers are rural bus lines and harbor trucking firms. The company is also receiving orders, from motorboat companies. Fifty workmen and apprentices are employed. Night work is frequently necessary.

Private iron and steel companies are now operating at a loss. Since September 1949, the larger companies have been receiving orders for products in increasing numbers:

1. Shang-hai Iron and Steel Company

This is a joint state-private enterprise, 33 1/3 percent being state capital.

Recently, business has been improving, and many inquiries and orders are being received. Lack of raw material stocks on hand and shortage of equipment will prevent an immediate increase in production. At present the company is operating with a 10-20 percent loss.

2. Ya-hsi-ya Factory

During October the Department of Heavy Industry bought 100 tons of steel ingots produced by this factory. Although the sale price was 20 percent below cost, the factory states it was glad to have the business as it represents

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an upturn in prospects. The company is also turning out galvanized wire for private hardware firms. There is a large demand for galvanized wire in the interior.

3. Jih-ya Factory

This factory has been producing ingots and railroad spikes for the Department of Heavy Industry. Recently orders have been received from the T'ien-ching--Pu-k'ou Railroad, an old customer.

In addition to the above more prosperous enterprises, there are many industries still in difficulty for various reasons. They include:

1. Poorly established industries whom recent unsatisfactory business conditions have rendered incapable of continuing operations. This group includes several hundred small machine shops.

2. Concerns beset by unresolved labor problems.

3. Industries whose products are no longer in demand because of changed conditions. An example is the T'ai-li Machinery Factory which manufactured spinning and weaving machinery for which there is no longer a demand in Shanghai. The only hope of this and many other firms caught in a similar situation is to begin production for the interior and for heavy industry.

The vision of a glorious future for heavy industry encourages many to attempt to advance from the present doldrums into that future when machinery, electrical, steel, and iron industries will enjoy great prosperity. Another factor of encouragement is found in the broad plans and preparations of the government for an unprecedented development of this phase of the national economy.

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